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A NOTE FROM THE FIELD: ETHIOPIA HIV/AIDS AND MICROFINANCE TRAINING

USAID-AMAP FINANCIAL SERVICES
KNOWLEDGE GENERATION PROJECT

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Microfinance and HIV/AIDS

USAID trains microfinance institutions to respond to clients' changing needs



Courtesy of DAI

Microfinance managers ponder HIV/AIDS and microfinance issues

"HIV/AIDS is the burning issue of discussion. We are losing many productive people in this epidemic," remarked Solomon Aligaz, the Head of Operations for Africa Village Microfinance, a medium sized microfinance institution (MFI) in Ethiopia.

This 7th Note from the Field was submitted by Colleen Green of Development Alternatives, Inc. (DAI), which led a course on microfinance and HIV/AIDS.

Twenty-one senior microfinance managers participated in the USAID-supported Microfinance and HIV/AIDS: Defining Options for Strategic and Operational Change training course in Addis Ababa, Ethiopia August 4–6, 2004. The course focused on how microfinance institutions can mitigate the impact of HIV/AIDS on their organizations so that they can continue to be sustainable and serve their clients over the long term. Ms. Green describes the course:

"Under the new Accelerated Microenterprise Advancement Project (AMAP) led by USAID's Microenterprise Development (MD) Team, a strategy is to target training in countries where HIV prevalence rates are high or growing, and where there is a sizeable microfinance industry. The objective is to increase awareness of the impact of the disease on the market. MFIs will learn how to make their products more flexible and responsive to clients' changing financial needs, while protecting their institutions from increased delinquency, loan losses, and the cost of building new client bases. The course focuses on the long-term viability of the MFI, recognizing the important and invaluable services that MFIs provide to the predominantly 'unbankable' and vulnerable populations.

"Ethiopia especially needs AMAP's assistance. The HIV-positive rate among adults is 4.4 percent, with prevalence in urban areas at about 13.7 percent. Prevalence is highest among the 15–24 age group, of which the prevalence among women is three times higher than men. MFIs in Ethiopia serve more than 800,000 low-income clients and households, particularly women, and currently provide a variety of financial services including loans, voluntary and compulsory savings, and insurance products. HIV/AIDS-affected poor households, particularly those headed by women, will continue to need access to flexible, well designed financial products.

"The course in Ethiopia, organized in conjunction with the Association of Ethiopian Microfinance Institutions, was the first in a series of training courses and trainings of trainers (TOTs) that will take place with support from the MD-funded AMAP Financial Services Knowledge Generation Project.

"During the 3-day course, participants discussed the challenges microfinance institutions currently face, and compared and contrasted 'ignoring the crisis' versus using a financial services orientation to protect the institutions and better serve affected clients. They also discussed the inevitable market changes that are taking place, as clients' financial needs change at various points in the HIV/AIDS crisis, and how these changes transform the competitive landscape for microfinance. Participants reviewed options for creating linkages with other financial institutions, such as commercial banks and insurance companies, to strengthen and enhance the financial products available to clients. Additionally, they explored linkages with nonfinancial service providers, particularly AIDS Support Organizations that might be able to provide prevention education, advice, or health care to staff and clients. Finally, participants reviewed operational issues that arise from the increasing absence of affected staff and learned ways to develop workplace programs that address the needs of staff while protecting the MFIs.

"Breaking down stigma and stereotypes in Ethiopia as in all high-prevalence countries is critical to working productively. A local AIDS educator, Dr. Fikir Melesse, spoke

to participants about issues related to prevalence, transmission, and stigma in Ethiopia. Her message was that HIV/AIDS is not going away any time soon and that everyone should take part in combating the spread of the disease.

Above all, she suggested that people must open their eyes and their mouths to make HIV/AIDS an acceptable topic for discussion. For MFIs, this awareness does not mean knowing the health status of their clients or client households, but rather being sensitive to changes in client behavior that may stem from coping with illness, caretaking, death, and orphan care.

"The course went exceptionally well," noted DAI's Mary Miller, co-trainer for the Ethiopian course. "We had support and participation from multiple areas of USAID and from the Ethiopian microfinance industry, including from MD, USAID/Ethiopia's health office, USAID's economic growth bureau (EGAT), and the public/private partnerships office. This kind of multisectoral cooperation is necessary if we are ever going to address the economic crisis that surrounds the AIDS health crisis. In Ethiopia, MFIs are providing needed financial services, including savings, to approximately one million poor households, most of which have neither the resources to combat AIDS, nor the knowledge of where to obtain information, treatment, and care to support AIDS-infected and -affected family members. By creating the linkage, we have the ability to reach many more vulnerable households," Miller concluded.

"The training was timely, as a number of MFIs had already been investigating how to provide prevention education to their clients. Of these, a number are now interested in addressing internal staff issues, and working to refine loan and savings products to meet the needs of affected clients."

In September 2004, DAI and ECIAfrica will conduct a training of trainers (TOT) of the Defining Options course material in South Africa. This TOT will be an opportunity for regional and in-house trainers from microfinance networks to learn the materials and prepare to deliver the course to a broader audience. By giving the MFIs the tools they need, MD and the DAI-led team are adapting successful techniques for improving livelihoods to the economic realities created by HIV/AIDS.

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